

10041

**FRIENDS OF KING SCHOOL
FINANCIAL AND COMPLIANCE AUDIT
TOGETHER WITH
INDEPENDENT AUDITORS' REPORT
FOR THE YEAR ENDED JUNE 30, 2007**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 1/30/08

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Member
American Institute of
Certified Public Accountants
Society of Louisiana
Certified Public Accountants

Michael B. Bruno, CPA
Alcide J. Tervalon, Jr., CPA
Waldo J. Moret, Jr., CPA
Paul K. Andoh, Sr., CPA

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Friends of King School

We have audited the accompanying statement of financial position of the **Friends of King School (the School)** (a not-for-profit corporation) as of June 30, 2007, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the management of the **School**. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the **School** as of June 30, 2007, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

INDEPENDENT AUDITORS' REPORT
(CONTINUED)

To the Board of Directors of
Friends of King School
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In accordance with Government Auditing Standards, we have also issued our report dated November 26, 2007 on our consideration of the School's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of the School taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Bruno & Tervalon LLP
BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS

November 26, 2007



FRIENDS OF KING SCHOOL
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2007

ASSETS

Cash	\$270,682
Cash - restricted	<u>70,391</u>
Sub-total	341,073
Grants receivable	200,519
Prepaid expenses	8,468
Equipment, net (NOTE 2)	<u>4,639</u>
Total assets	<u>\$554,699</u>

LIABILITIES AND NET ASSETS

Liabilities:	
Accounts payable	\$ 95,502
Accrued liabilities	127,101
Due to student groups	<u>70,391</u>
Total liabilities	<u>292,994</u>
Net assets:	
Unrestricted (NOTE 1)	<u>261,705</u>
Total net assets	<u>261,705</u>
Total liabilities and net assets	<u>\$554,699</u>

The accompanying notes are an integral part of these financial statements.

**FRIENDS OF KING SCHOOL
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2007**

REVENUES

Local Sources:

Per pupil aid - MFP (NOTE 1)	\$ 958,971
Contributions	49,733
Other	<u>10,685</u>

Total revenues from local sources 1,019,389

State Sources:

Per pupil aid - MFP (NOTE 1)	1,200,339
Grant	<u>12,582</u>

Total revenues from state sources 1,212,921

Federal sources 831,788

Total revenues 3,064,098

The accompanying notes are an integral part of these financial statements.

(CONTINUED)

FRIENDS OF KING SCHOOL
STATEMENT OF ACTIVITIES, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2007

EXPENSES

Instruction:

Regular	\$1,493,276
Special	453,189
Other	<u>73,334</u>

Sub-total 2,019,799

Support Services:

Pupil	120,712
Instructional staff	33,639
General administration	42,891
School administration	297,372
Business services	87,202
Operation and maintenance of plant	<u>200,778</u>

Sub-total 782,594

Total expenses 2,802,393

Change in net assets 261,705

Unrestricted net assets, beginning of year -0-

Unrestricted net assets, end of year \$ 261,705

The accompanying notes are an integral part of these financial statements.

**FRIENDS OF KING SCHOOL
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2007**

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$ 261,705
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation expense	361
Increase in grants receivable	(200,519)
Increase in prepaid expenses	(8,468)
Increase in accrued liabilities	127,101
Increase in due to students groups	70,391
Increase in accounts payable	<u>95,502</u>
Net cash provided by operating activities	<u>346,073</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchase of equipment	<u>(5,000)</u>
Net cash used in investing activities	<u>(5,000)</u>

Increase in cash	341,073
Cash, beginning of year	<u>-0-</u>
Cash, end of year	<u>\$ 341,073</u>

The accompanying notes are an integral part of these financial statements.

FRIENDS OF KING SCHOOL
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - Nature of Activities and Summary of Significant Accounting Policies:

General

The Friends of King School (the School) was granted a charter by the Louisiana State Board of Elementary and Secondary Education (BESE) in 2005 to operate a Type 5 public charter school d/b/a Dr. Martin Luther King Jr., Charter School for Science and Technology.

The School seeks to provide educational services according to the educational standards established by law, the charter contract and the charter application/proposal; measures pupil progress toward stated goals; and participates in pupil assessment required by law, regulation and BESE policy.

The mission of the School is to create and maintain an orderly, trusting environment where teaching and learning are innovative and exciting; where students are taught to read, write, compute, and think critically according to their fullest potential.

During the 2007 school year, the School served pre-kindergarten through eighth grades with an enrollment of 428 students.

Basis of Accounting

The School's financial statements are prepared on the accrual basis and in accordance with accounting principles generally accepted in the United States of America.

FRIENDS OF KING SCHOOL
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - Nature of Activities and Summary of Significant Accounting Policies,
Continued:

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Equipment

Equipment of **the School** with a cost of \$1,000 or more is recorded as assets (capitalized) and is stated at historical costs if purchased or at fair market value at the date of the gift, if donated. Additions, improvements and expenditures that significantly extend the useful life of an asset are capitalized. Depreciation is provided utilizing the straight-line method over estimated useful lives of the asset.

Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific use.

Grant Revenue

Revenues from governmental grants are recognized when allowable expenditures are made by **the School**. Funds received for specific purposes but not yet expended are recorded as deferred revenue.

Grants Receivable

The grants receivable are stated at the amount management expects to collect from outstanding balances. The financial statements do not include an estimate for allowance for doubtful accounts. Management believes that all receivables are collectible.

FRIENDS OF KING SCHOOL
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - Nature of Activities and Summary of Significant Accounting Policies,
Continued:

Statement of Cash Flows

For the purpose of the statement of cash flows, cash equivalents include all highly liquid instruments purchased with original maturities of three (3) months or less. The School had no cash equivalents at June 30, 2007.

Income Taxes

The School has applied for tax exempt status under Section 501(c)(3) of the Internal Revenue Code. No provision for income taxes was made in the accompanying financial statements while the tax exempt status is pending.

Financial Statement Presentation

In accordance with Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations", the School is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets, as applicable.

Accordingly, net assets and changes therein are classified and reported as follows:

Unrestricted Net Assets - Support, revenues, and expenses for the general operation of the School.

Temporarily Restricted Net Assets - Contributions specifically authorized by the donors to be used for a certain purpose or to benefit a specific accounting period.

FRIENDS OF KING SCHOOL
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - Nature of Activities and Summary of Significant Accounting Policies,
Continued:

Financial Statement Presentation, Continued

Permanently Restricted Net Assets - Contributions subject to donor-imposed restrictions and that are to be held in perpetuity by the School. Generally, the donors of these assets permit the School to use all or part of the income derived from the investment of these contributions.

At June 30, 2007, the School has no temporarily or permanently restricted net assets.

Contributions

In accordance with Statement of Financial Accounting Standards (SFAS) No 116, "Accounting for Contributions Received and Contributions Made", unconditional promises to give (pledges) should be recorded as receivable and revenues and the School is required to distinguish between contributions received for each net asset category in accordance with donor-imposed restrictions.

Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are classified to unrestricted net assets.

FRIENDS OF KING SCHOOL
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

**NOTE 1 - Nature of Activities and Summary of Significant Accounting Policies,
Continued:**

Minimum Foundation Program (MFP)

The School, as a Type 5 charter school, received funding from BESE in an amount for pupils based on estimated daily attendance at **the School**. The amount of funding received is adjusted during the school year based on a student count on a designated date and the result of any audits performed.

Functional Allocation of Expenses

The cost of providing the various programs and other activities has been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among instructional and support services in the accompanying statement of activities.

NOTE 2 - Equipment:

The following is a summary of equipment at June 30, 2007:

Equipment	\$5,000
Less accumulated depreciation	<u>(361)</u>
Equipment, net	<u>\$4,639</u>

Depreciation charged to operations at June 30, 2007, was \$361.

NOTE 3 - Risk Management:

The School is exposed to various risks of loss related to torts, theft of, damage to and destruction of property or which **the School** carries commercial liability insurance coverage.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

FRIENDS OF KING SCHOOL
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 4 - Concentration of Credit Risk:

The School maintains cash balances at a local bank. Accounts at this institution is insured by the Federal Deposit Insurance Corporation (FDIC) for amounts up to \$200,000. At June 30, 2007, the School had \$217,400 of funds in excess of FDIC coverage.

NOTE 5 - Contingency:

The School is a recipient of federal and state grants. The grants are governed by various Federal and State guidelines, regulations, and contractual agreements.

The administration of the programs and activities funded by these grants are under the control and administration of the School and are subject to audit and/or review by the federal and state grantor. Any grant found to be not properly spent in accordance with the terms, conditions, and regulations of the Federal and State agencies may be subject to recapture.

NOTE 6 - Retirement Plan:

Substantially all employees of the School participate in the Teacher's Retirement System of Louisiana (TRSL). This system is a cost sharing, multiple-employer governmental defined benefit plan qualified under Section 401(a) of the Internal Revenue Code. The plan provides retirement benefits as well as disability and survivor benefits to eligible participants. The TRSL issues publicly available financial reports that include financial statements and required supplementary information of the TRSL. That report may be obtained by writing the Teachers' Retirement System of Louisiana, P. O. Box 94123, Baton Rouge, LA 70804-9123.

FRIENDS OF KING SCHOOL
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 6 - Retirement Plan, Continued:

Participants vest immediately in employee contributions to the plan. Retirement benefits vest after five years of service if the employee reaches age sixty; otherwise, benefits vest after twenty years of service. Benefits are established and amended by state statute. Upon retirement, participants may select from eight retirement payment options.

Participants are required to contribute to the plan 8% of their annual covered payroll and the School is required to contribute 15.8% of the annual covered payroll of each participating employee. These contribution levels are established by law and set by the Public Retirement Systems Actuarial Committee. For the year ended June 30, 2007, the School's contributions to this plan totaled \$234,537.

NOTE 7 - In-Kind Contributions:

The School received rent-free use of a school building from the Recovery School District (RSD) and also the use of furniture and equipment rent-free. The estimated value of the use of the building and furniture/equipment was not readily determinable and no amounts have been recorded in the accompanying financial statements.

NOTE 8 - Board of Directors' Compensation:

The board of directors is a voluntary board, therefore, no compensation was paid to any board member during the year ended June 30, 2007.

SUPPLEMENTARY INFORMATION

FRIENDS OF KING SCHOOL
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2007

	<u>FEDERAL CFDA NUMBER</u>	<u>FEDERAL EXPENDITURES</u>
U.S. DEPARTMENT OF EDUCATION:		
Passed through State Department of Education:		
IASA Title I	84.010	\$324,569
Public Charter Schools Federal Grant	84.282	<u>200,000</u>
Total U.S. Department of Education		<u>524,569</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:		
Passed through State Department of Education:		
LA 4 Pre-Kindergarten Program - TANF	93.558	<u>307,219</u>
Total U.S. Department of Health and Human Services		<u>307,219</u>
Total Expenditures of Federal Awards		<u>\$831,788</u>

NOTE: The accompanying schedule of expenditures of federal awards includes the federal grant activity of the School and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

See the Independent Auditors' Report on Supplementary Information.



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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors of
Friends of King School

We have audited the financial statements of the **Friends of King School (the School)**, (a not-for-profit corporation) as of and for the year ended June 30, 2007, and have issued our report thereon dated November 26, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the **School's** internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the **School's** internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the **School's** internal control over financial reporting.

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
(CONTINUED)

Internal Control Over Financial Reporting, Continued

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects **the School's** ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of **the School's** financial statements that is more than inconsequential will not be prevented or detected by **the School's** internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by **the School's** internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
(CONTINUED)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether **the School's** financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

We noted certain matters that we reported to management of **the School** in a separate letter dated November 26, 2007.

This report is intended solely for the information and use of management, the **Friends of King School's** Board of Directors, the Louisiana Recovery District, the Louisiana Legislative Auditor, federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Bruno & Tervalon LLP

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS

November 26, 2007



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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH REQUIREMENTS APPLICABLE TO EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Board of Directors of
Friends of King School

Compliance

We have audited the compliance of the **Friends of King School (the School)** with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2007. **The School's** major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of **the School's** management. Our responsibility is to express an opinion on **the School's** compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH REQUIREMENTS APPLICABLE TO EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133

(CONTINUED)

types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the School's compliance with those requirements.

In our opinion, the School complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2007.

Internal Control Over Compliance

The management of the School is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the School's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School's internal control over compliance.

A control deficiency in the School's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the School's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the School's internal control.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH REQUIREMENTS APPLICABLE TO EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133

(CONTINUED)

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the School's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the **Friends of King School's** Board of Directors, the Louisiana Recovery District, the Louisiana Legislative Auditor, federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Bruno & Tervalon LLP
BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS

November 26, 2007

FRIENDS OF KING SCHOOL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2007

Section I - SUMMARY OF AUDITORS' RESULTS

- A. The type of report issued on the financial statements: unqualified opinion.
- B. Significant deficiencies in internal control were disclosed by the audit of the financial statements: none reported Material weakness: no.
- C. Noncompliance which is material to the financial statements: no.
- D. Significant deficiencies in internal control over major programs: none reported Material weaknesses: no.
- E. The type of report issued on compliance for major programs: unqualified opinion.
- F. Any audit findings which are required to be reportable under Section 510(a) of OMB Circular A-133: no.
- G. Major programs:

CFDA Number

Program

84.010

IASA Title 1

93.558

LA 4 Pre-Kindergarten Program-TANF

- H. Dollar threshold used to distinguish between Type A and Type B programs: \$300,000.
- I. Auditee qualified as a low-risk auditee under Section 530 of OMB Circular A-133: no.
- J. A management letter issued: yes.

FRIENDS OF KING SCHOOL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2007

**Section II - Findings Relating to the Financial Statements Reported
In Accordance with Government Auditing Standards**

No matters reported.

Section III - Findings and Questioned Costs Related to Federal Awards

No matters reported.



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Dr. Martin Luther King, Jr. Charter School for Science and Technology

Doris R. Hicks, CEO/Principal
www.drkingcharterschool.org

December 18, 2007

Michael B. Bruno, Managing Partner
Bruno & Tervalon LLP
Certified Public Accountants
4298 Elysian Fields Avenue
New Orleans, Louisiana 70122

Dear Mr. Bruno:

Outlined below is the corrective action plan being submitted by The Friends of King School Board of Directors in response to your Independent Auditor's Comments to Management dated November 26, 2007.

Auditor Comments

07-01 Monthly and Year End Financial Statements

- We concur that the financial statements were not presented to the Board of Directors on a regular basis. We also concur that there should be evidence within the minutes of the Board meetings that financial statements were presented and that there was a discussion concerning the organization's financial position and transactions.

Action Planned

The accountant will be responsible for preparing accurate financial statements within 15 days after each month's end. The accountant will present the financial statements to the Finance Committee. Upon acceptance by the Finance Committee, the financial statements will be presented to the Board of Directors at the next available meeting.

The Secretary of the Board of Directors will insure that the financial statements are made a part of the minutes of the regular Board of Directors meetings.

07-02 Cash

- We concur that the bank reconciliations contained items that should have been resolved in a timelier manner, and remained on the books for more than nine months.

Action Planned

Within the next 30 days, the accountant will investigate the deposits that have not cleared the bank and remain unreconciled. Upon determining the validity of the deposits, action will be taken to clear these deposits from the bank reconciliation.

- We concur with this comment. The check in question was recorded on the books subsequent to the bank statement date. The bank statement date ended on June 27, 2007 and the check was recorded on June 30, 2007. The reconciliation program did not recognize this check and consequently did not get listed as an outstanding check.

We also concur that several outstanding checks have been listed for more than six months on the bank reconciliations.

Action Planned

The accountant will be responsible for performing the monthly bank reconciliations. The accountant will ensure that all reconciling items are included in the bank reconciliations in the proper periods. The accountant will also immediately investigate the long outstanding checks and document the disposition of each item.

- We disagree that the bank accounts were not reconciled monthly. Bank accounts were reconciled on a monthly basis by the business manager. The reconciliations were periodically reviewed by the accountant. Bank reconciliations agreed with the general ledger on the statement date. There was a timing difference between the bank statement date and the end of the month statement date. Therefore, the bank reconciliations did not agree with the end of the month amount, but did agree with the general ledger at the bank statement date which was always two to three days prior to the end of the month.

The reconciled balance did not agree with the end of the month general ledger balance because the bank statement cutoff date was always two or three days prior to month's end. The business manager did not take this fact into account and reconciled the bank statements through the bank statement date. This reflected that the balance did not reconcile with the end of the month general ledger balance.

- We concur that the operating account was also utilized as the student activity fund as well during the audit period.

Prior to receiving student activity funds, the operating account was used to account for contributions and other miscellaneous revenues. The organization did not establish a separate bank account to control student activity funds. However, student activity funds were only used for its' intended purposes.

Action Planned

We have already prepared an analysis in order to correct the bank account. All funds and expenses for student activities will be handled from a separate bank account that will reconcile to the student activity fund liability account. We expect that the final reconciliation will be completed by January 15, 2008. The organization's accountant will be responsible to ensure that the accounts are reconciled on a monthly basis.

The accountant will also be responsible for developing written policies and procedures designed to strengthen the internal controls relative to cash and cash transactions.

07-03 Payment of Interest and Penalties

- We concur with this finding and recommendation. The school experienced some problems in the beginning of operation. Although the school filed its required employment quarterly reports timely, it was later determined that the EIN number used was incorrect and that the reports were not recorded as been received by the IRS. After this fact was corrected, it was later determined that the payroll company employed by the school did not file reports timely.

Retirement payments were not paid timely because of constant reconciliation problems with the retirement system. When the problems were finally corrected, all payments were made and liquidated any liability.

Action Planned

The payroll company has taken responsibility for the filing of the employment tax reports. We are constantly monitoring the tax authorities to determine if interest and penalties will be assessed because of the mix up in tax numbers and filing of reports. Prior to this report we requested a transcript to determine if an assessment had been made. The transcript did not reflect any assessments for interest and penalties.

We have already taken steps to ensure that all reports and payments to taxing authorities and retirement plan authorities are made on a timely basis. The

accountant is monitoring each payroll period and quarterly reporting period to determine if reports are filed and tax payments (deposits) are forwarded. The accountant has set up the electronic tax payments system in order to forward tax deposits directly to the taxing authorities. The business manager has set up the electronic filing system to report and make payments to the retirement plan authorities.

Minutes of Meetings of Board of Directors

- We concur. The minutes of meetings of the Board of Directors did not always provide adequate and clear understanding of financial matters being discussed at the meetings and decisions being made thereon.

The Secretary of the Board of Directors will at the January 2008 meeting institute an electronic recording system to accurately record the meetings for later transcription to the written minutes. The accountant will provide the Board with a written report of relevant financial matters and the prior month's financial statements. The reports from the accountant will be incorporated into the minutes upon acceptance by the Board.

07-04 Cash Disbursement

- We concur with the finding recommendation. All documents were not cancelled after payment according to policy and all invoices did not reflect the approval of the authorized person.

Action Planned

Immediately the business manager will ensure that all invoices are cancelled upon payment and will ensure that the authorized approval is noted on each vendor invoice or payment voucher.

Immediately, the accountant will review vendor payment vouchers on a sample basis to determine if established policy for cash disbursements is being followed.

07-05 Untimely Deposits

- We concur. The school did not always make deposits within two to three days of receipt of funds.

Action Planned

The secretary is responsible for depositing funds received at the school. The principal will ensure that all deposits are made timely (within two to three days of receipt). Follow-up will be made by the accountant by reviewing the receipt book and comparing it to the bank deposit slips.

07-06 Disaster Recovery Program

- We concur. The school does not have a written disaster recovery program that reflects finances. Although the accounting department maintains three separate backup systems for its financial transactions, there is no written program for recovery from a disaster.

Action Planned

The school will develop a disaster program that reflects finances. The management of the school will research disaster programs for organizations in this type of environment and develop a written disaster recovery program. The persons involved in this project will be the principal, the board liaison and the accountant. We expect to have written and tested disaster recovery procedures in place by June 30, 2008.

07-07 School Activity Accounts

- We concur. Although we have procedures for the handling of student activity transactions, it appears that the procedures were not followed consistently.

Action Planned

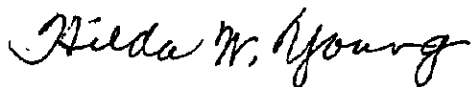
The principal has already taken action to correct this area. At the beginning of the school year each instructor was issued a manual which described the procedures for handling student activity funds. Each instructor was also issued a receipt book and collection logs to record cash transactions.

It will be the responsibility of the school's accountant to test on a quarterly basis whether the procedures are being adhered to and that the logs and receipt books are in agreement.

The Friends of King School Board of Directors and its' administrative staff thank Bruno & Tervalon accounting firm for making constructive recommendations to ensure full compliance with the best practices of accounting. The administrative staff will begin immediately to implement the necessary recommendations made by the firm and will ensure that all recommendations will be in place by June 30, 2008.

If you have any questions or concerns, please do not hesitate to contact me immediately.

Sincerely,

A handwritten signature in cursive script that reads "Hilda W. Young".

Hilda W. Young, President
Friends of King School Board of
Directors



Member
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Certified Public Accountants
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Michael B. Bruno, CPA
Alcide J. Tervalon, Jr., CPA
Waldo J. Moret, Jr., CPA
Paul K. Andoh, Sr., CPA

INDEPENDENT AUDITORS' COMMENTS TO MANAGEMENT

To the Board of Directors of
Friends of King School

We have audited the financial statements of the Friends of King School (the School) for the year ended June 30, 2007 and have issued our report thereon dated November 26, 2007.

In planning and performing our audit of the financial statements of the School for the year ended June 30, 2007, we considered the School's internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control.

However, during our audit we became aware of matters that are opportunities for strengthening internal controls and operating efficiency. These comments that accompany this letter summarize our findings and recommendations regarding these matters. This letter does not affect our report dated November 26, 2007 on the financial statements of the School.

We will review the status of these comments during our next audit engagement. We have already discussed these comments and recommendations with various personnel of the School, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of the matters and assist you in implementing the recommendations.

INDEPENDENT AUDITORS' COMMENT TO MANAGEMENT
(CONTINUED)

To the Board of Directors of
Friends of King School
Page 2

This report is intended solely for the information and use of management, the School's Board of Directors, the Louisiana Recovery District, the Louisiana Legislative Auditor and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Bruno & Tervalon LLP
BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS

November 26, 2007

**FRIENDS OF KING SCHOOL
CURRENT YEAR COMMENTS**

07-01 Monthly and Year End Financial Statements

During the course of our audit, we noted no indication where accurate financial statements were being prepared on a monthly basis nor at year end. We also noted no evidence where financial statements were being discussed with the finance committee or Board of Directors with such discussion being documented in the minutes of the meetings of the Board of Directors.

We recommend that accurate financial statements be prepared within thirty days after each month-end, that are discussed with the finance committee and such discussion be referenced in the minutes of the meetings of the Board of Directors.

07-02 Cash

During our audit of interim and year-end cash balances we noted the following:

- There were several deposits in transit, appearing on the monthly bank reconciliations, that have been carried as in transit for more than three, six and nine months with no final disposition.
- There was one check written in June 2007 that cleared the bank in July 2007 that was not listed as outstanding at June 30, 2007. In addition, there are several checks that have been listed as outstanding for more than six months.
- There was no evidence that bank accounts were being reconciled on a monthly basis, agreed to the general ledger and reviewed by a person independent of the preparer of the reconciliations.
- There is one cash account designated as student activity fund that appeared to be used for monthly operating transactions.

FRIENDS OF KING SCHOOL
CURRENT YEAR COMMENTS, CONTINUED

07-02 Cash, Continued

While several of the items noted above may not appear to be material in nature, however, it points to the lack of review of the bank reconciliations. We recommend that someone independent of the preparer of the bank reconciliations review the reconciliation each month for agreement with the accounting records. The reconciliation should be signed and dated as evidence of such review.

We also recommend that management immediately develop written policies and procedures designed to strengthen the internal controls relative to cash balances and cash transactions.

07-03 Payment of Interest and Penalties

During the course of our audit, we noted several instances in which the School may have incurred interest and penalties for failure to make payroll tax deposits timely and file tax reports timely. The total amount of interest and penalties could not be determined at the date of our report and are being researched for a resolution with the IRS. We also noted interest being paid in excess of \$5,000 during the course of the year for failure of the School to make employee/employer retirement payments timely.

We recommend that management continue to seek a final resolution relative to any interest and penalties paid or owed to IRS and request abatement of such, if there is a reasonable cause. We also recommend that management develop a system to monitor the timely payment and filing of any such reports associated with the payments. Also, the School should establish procedures to ensure that employee/employer retirement payments are submitted to the Retirement System by the designated due dates to avoid the assessment of penalties and interest for late filings.

FRIENDS OF KING SCHOOL
CURRENT YEAR COMMENTS, CONTINUED

07-04 Minutes of Meetings of Board of Directors

Our review of minutes of the Board of Directors meetings did not always provide for adequate and clear understanding of financial matters being discussed at the meetings and decisions being made thereon.

We recommend that minutes of meetings of the Board of Directors relative to discussions of financial matters be clear, concise and contain dispositions relative to such matters.

07-05 Cash Disbursement

During the testing of cash disbursements and testing in other audit areas, we noted that all vendor invoices were not cancelled or stamped paid to avoid potential of duplicate payments on the same invoice. In some instances, vendor payments were supported with copies of invoices. Also, we noted that eleven (11) out of twenty-five (25) tested cash disbursements were not documented as being approved.

We recommend that the check signer upon reviewing supporting invoices during the signing of checks for agreement of amount, payee, nature of service as well as for proper cancellation to include date paid, check number and amount. We also recommend that all vendor payments be supported with original invoices and be documented with invoice approval at all times.

07-06 Untimely Deposits

We noted during our test of cash receipts that in all instances receipts were not deposited on a timely basis.

We recommend that the School review current procedures to ensure that all cash receipts are made on a timely basis. Each day's cash receipts should be deposited intact and without delay (within two or three business days) by an individual independent of cash functions.

FRIENDS OF KING SCHOOL
CURRENT YEAR COMMENTS, CONTINUED

07-07 Disaster Recover Program

The aftermath of Hurricane Katrina resulted in significant damages to many organizations property and operations. We noted during our audit, that **the School** does not have well defined, written and tested disaster recovery procedures for safeguarding financial records and assets. The time to make such contingency plan is before disaster strikes. The plan should be adequately defined and efficiently detailed to provide for all safeguards in the event of an emergency situation.

We recommend that a formal Disaster Recovery Program be implemented and that related policies and procedures are developed. Backup of financial operations should be a major consideration.

07-08 School Activity Accounts

During our audit we tested certain student activity fund transactions and noted that procedures in **the School's** "School Activity Fund Procedures Manual" were not adhered to for the following:

- Collection logs were not maintained for three (3) out of eight (8) cash receipts tested; and
- In four (4) out of eight (8) cash receipts transactions tested, postings in the collection log were not made for all students as documented in the receipt book.

We recommend that **the School** adhered to its student activity accounts procedures to ensure school activity accounts are properly controlled and administered.

FRIENDS OF KING SCHOOL
INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING AGREED-UPON PROCEDURES
FOR THE YEAR ENDED JUNE 30, 2007

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**INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING AGREED-UPON PROCEDURES**

To the Board of Directors
Friends of King School

We have performed the procedures included in the *Louisiana Governmental Audit Guide* and enumerated below, which were agreed to by the management of the **Friends of King School (the School)** and the Legislative Auditor, State of Louisiana, solely to assist users in evaluating management's assertions about the accompanying performance and statistical data and to determine whether the specified schedules are free of obvious errors and omissions as provided by the Board of Elementary and Secondary Education (BESE). This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management, Board of Directors, the Louisiana Department of Education, the Louisiana Legislature, and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Bruno & Tervalon LLP
BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS

November 26, 2007

**INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING AGREED-UPON PROCEDURES
(CONTINUED)**

PROCEDURES AND FINDINGS

Our procedures and findings relate to the accompanying schedules and are as follows:

***General Fund Instructional and Support Expenditures
and Certain Local Revenue Sources (SCHEDULE 1)***

1. We selected a random sample of 25 transactions and reviewed supporting documentation to determine if the sampled expenditures/revenues are classified correctly and are reported in the proper amounts for each of the following reported on the schedule:

- Total General Fund Instructional Expenditures,
- Total General Fund Equipment Expenditures,
- Total Local Taxation Revenue,
- Total Local Earnings on Investment in Real Property,
- Total State Revenue in Lieu of Taxes,
- Nonpublic Textbook Revenue, and
- Nonpublic Transportation Revenue.

No differences noted.

Education Levels of Public School Staff (SCHEDULE 2)

2. We reconciled the total number of full-time classroom teachers per the schedule "Experience of Public Principals and Full-time Classroom Teachers" (SCHEDULE 4) to the combined total number of full-time classroom teachers per this schedule and to the School's supporting payroll records as of October 1, 2006.

No differences noted.

**INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING AGREED-UPON PROCEDURES
(CONTINUED)**

PROCEDURES AND FINDINGS, CONTINUED

Education Levels of Public School Staff (SCHEDULE 2), Continued

3. We reconciled the combined total of principals and assistant principals per the schedule "Experience of Public Principals and Full-time Classroom Teachers" (SCHEDULE 4) to the combined total of principals and assistant principals per this schedule.

No differences noted.

4. We obtained a list of full-time teachers, principals, and assistant principals by classification as of October 1, 2006 and as reported on the schedule. We traced a random sample of 25 teachers to the individual's personnel file and determined if the individual's education level was properly classified on the schedule.

No differences noted.

Number and Type of Public Schools (SCHEDULE 3)

5. We did not obtain a list of schools by type as reported on the schedule. Also, we did not compare the list to the schools and grade levels as reported on the Title I Grants to Local Educational Agencies (CFDA 84.010) application and/or the National School Lunch Program (CFDA 10.555) application.

This procedure was not applicable because the School operates only one charter school, which includes grades Pre-K to 8th.

INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING AGREED-UPON PROCEDURES
(CONTINUED)

PROCEDURES AND FINDINGS, CONTINUED

Experience of Public Principals and Full-time Classroom Teachers (SCHEDULE 4)

6. We obtained a list of full-time teachers, principals, and assistant principals by classification as of October 1, 2006 and as reported on the schedule and traced the same sample used in procedure 4 to the individual's personnel file and determined if the individual's experience was properly classified on the schedule.

No differences noted.

Public School Staff Data (SCHEDULE 5)

7. We obtained a list of all classroom teachers including their base salary, extra compensation, and ROTC or rehired retiree status as well as full-time equivalent as reported on the schedule and traced a random sample of 25 teachers to the individual's personnel file and determined if the individual's salary, extra compensation, and full-time equivalents were properly included on the schedule.

No differences noted.

8. We recalculated the average salaries and full-time equivalents reported in the schedule.

No differences noted.

INDEPENDENT ACCOUNTANTS' REPORT
ON
APPLYING AGREED-UPON PROCEDURES
(CONTINUED)

PROCEDURES AND FINDINGS, CONTINUED

Class Size Characteristics (SCHEDULE 6)

9. We obtained a list of classes by school, school type and class size as reported on the schedule. We then traced a random sample of 10 classes to the October 2, 2006 roll books for those classes and determined if the class was properly classified on the schedule.

No differences noted.

*Louisiana Educational Assessment Program (LEAP) for
the 21st Century (SCHEDULE 7)*

10. We obtained test scores as provided by the testing authority and reconciled scores as reported by the testing authority to scores reported in the schedule by **the School**.

No differences noted.

Graduation Exit Exam for the 21st Century (SCHEDULE 8)

11. We did not obtain test scores as provided by the testing authority and reconciled scores as reported by the testing authority to scores reported in the schedule by **the School**.

This procedure was not applicable because **the School** operates only one charter school, which includes grades Pre-K to 8th.

The iLEAP Tests (SCHEDULE 9)

12. We obtained test scores as provided by the testing authority and reconciled scores as reported by the testing authority to scores reported in the schedule by **the School**.

No differences noted.

FRIENDS OF KING SCHOOL
SCHEDULES REQUIRED BY STATE LAW (R.S. 24:514 -
PERFORMANCE AND STATISTICAL DATA)

SCHEDULE 1 - General Fund Instructional and Support Expenditures and Certain Local Revenue Sources

This schedule includes general fund instructional and equipment expenditures. It also contains local taxation revenue, earnings on investments, revenue in lieu of taxes, and nonpublic textbook and transportation revenue. This data is used either in the Minimum, Foundation Program (MFP) formula or is presented annually in the MFP 70% Expenditure Requirement Report.

SCHEDULE 2 - Education Levels of Public School Staff

This schedule includes the certificated and uncertificated number and percentage of full-time classroom teachers and the number and percentage of principals and assistant principals with less than a Bachelor's; Master's; Master's +30; Specialist in Education; and Ph.D. or Ed.D. degrees. This data is currently reported to the Legislature in the Annual Financial and Statistical Report (AFSR).

SCHEDULE 3 - Number and Type of Public Schools

This schedule includes the number of elementary, middle/junior high, secondary and combination schools in operation during the fiscal year. This data is currently reported to the Legislature in the Annual Financial and Statistical Report (AFSR).

SCHEDULE 4 - Experience of Public Principals and Full-time Classroom Teachers

This schedule includes the number of years of experience in teaching for assistant principals, principals, and full-time classroom teachers. This data is currently reported to the Legislature in the Annual Financial and Statistical Report (AFSR).

FRIENDS OF KING SCHOOL
SCHEDULES REQUIRED BY STATE LAW (R.S. 24:514 -
PERFORMANCE AND STATISTICAL DATA, CONTINUED)

SCHEDULE 5 - Public School Staff Data

This schedule includes average classroom teachers salary using full-time equivalents, including and excluding ROTC and rehired retiree teachers. This data is currently reported to the Legislature in the Annual Financial and Statistical Report (AFSR).

SCHEDULE 6 - Class Size Characteristics

This schedule includes the percent and number of classes with student enrollment in the following ranges: 1-20; 21-26, 27-33, and 34+students. This data is currently reported to the Legislature in the Annual School Report (ASR).

**SCHEDULE 7 - Louisiana Educational Assessment Program (LEAP)
for the 21st Century**

This schedule represents student performance testing data and includes summary scores by district for grades 4 and 8 in each category tested. Scores are reported as Advanced, Proficient, Basic, Approaching Basic, and Unsatisfactory. This schedule includes three years of data.

SCHEDULE 8 - The Graduation Exit Exam for the 21st Century

This schedule represents student performance testing data and includes summary scores by district for grades 10 and 11 in each category tested. Scores are reported as Advanced, Proficient, Basic, Approaching Basic, and Unsatisfactory. This schedule includes three years of data.

FRIENDS OF KING SCHOOL
SCHEDULES REQUIRED BY STATE LAW (R.S. 24:514 -
PERFORMANCE AND STATISTICAL DATA, CONTINUED)

SCHEDULE 9 - The IOWA/iLEAP Tests

This schedule represents the Iowa testing data and includes a summary score for grades 3, 5, 6, 7 and 9 for 2005 and 2004. The summary score reported is the National Percentile Rank showing relative position or rank as compared to a large, representative sample of students in the same grade from the entire nation. This schedule also includes the iLEAP testing data for 2007 and 2006.

FRIENDS OF KING SCHOOL

Schedule I

**General Fund Instructional and Support Expenditures
and Certain Local Revenue Sources
For the Year Ended June 30, 2007**

General Fund Instructional and Equipment Expenditures

General Fund Instructional Expenditures:

Teacher and Student Interaction Activities:

Classroom Teacher Salaries	\$	1,363,235	
Other Instructional Staff Activities		143,312	
Employee Benefits		317,628	
Purchased Professional and Technical Services		-	
Instructional Materials and Supplies		105,929	
Instructional Equipment		150	
Total Teacher and Student Interaction Activities	\$		1,930,254

Other Instructional Activities 89,545

Pupil Support Activities 120,712
 Less: Equipment for Pupil Support Activities -
 Net Pupil Support Activities 120,712

Instructional Staff Services 33,639
 Less: Equipment for Instructional Staff Services -
 Net Instructional Staff Services 33,639

School Administration 297,372
 Less: Equipment for School Administration -
 Net School Administration 297,372

Total General Fund Instructional Expenditures \$ 2,471,522

Total General Fund Equipment Expenditures \$ -

Certain Local Revenue Sources

Local Taxation Revenue:

Constitutional Ad Valorem Taxes	\$	-
Renewable Ad Valorem Tax		-
Debt Service Ad Valorem Tax		-
Up to 1% of Collections by the Sheriff on Taxes Other than School Taxes		-
Sales and Use Taxes		-
Total Local Taxation Revenue	\$	-

Local Earnings on Investment in Real Property:

Earnings from 16th Section Property		-
Earnings from Other Real Property		-
Total Local Earnings on Investment in Real Property	\$	-

State Revenue in Lieu of Taxes:

Revenue Sharing - Constitutional Tax	\$	-
Revenue Sharing - Other Taxes		-
Revenue Sharing - Excess Portion		-
Other Revenue in Lieu of Taxes		-
Total State Revenue in Lieu of Taxes	\$	-

Nonpublic Textbook Revenue \$ -

Nonpublic Transportation Revenue \$ -

See accompanying independent accountants' report on applying agreed-upon procedures.

FRIENDS OF KING SCHOOL

Schedule 2

**Education Levels of Public School Staff.
As of October 1, 2006**

Category	Full-time Classroom Teachers				Principals & Assistant Principals			
	Certificated		Uncertificated		Certificated		Uncertificated	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than a Bachelor's Degree								
Bachelor's Degree	20	65%						
Master's Degree	7	23%						
Master's Degree +30	3	10%			1	100%		
Specialist in Education	1	3%						
Ph.D. or Ed.D.		0%						
Total	31	100%			1	100%		

See accompanying independent accountants' report on applying agreed-upon procedures.

FRIENDS OF KING SCHOOL

Schedule 3

**Number and Type of Public Schools
For the Year Ended June 30, 2007**

Type		Number
Elementary:	Type 5 Charter School	1
Middle/Jr. High		
Secondary		
Combination		
Total		1

See accompanying independent accountants' report on appying agreed-upon procedures.

FRIENDS OF KING SCHOOL

Schedule 4

**Experience of Public Principals and Full-time Classroom Teachers
As of October 1, 2006**

	0 - 1 Yr.	2 - 3 Yrs.	4 - 10 Yrs.	11 - 14 Yrs.	15 - 19 Yrs.	20 - 24 Yrs.	25+ yrs.	Total
Assistant Principals								0
Principals							1	1
Classroom Teachers		1	7	5	5	4	9	31
Total		1	7	5	5	4	10	32

See accompanying independent accountants' report on applying agreed-upon procedures.

FRIENDS OF KING SCHOOL

Schedule 5

**Public School Staff Data
For the Year Ended June 30, 2007**

	All Classroom Teachers	Classroom Teachers Excluding ROTC and Rehired Retirees
Average Classroom Teachers' Salary Excluding Extra Compensation	\$ 44,194.00	
Average Classroom Teachers' Salary Excluding Extra Compensation	42,843.00	
Number of Teacher Full-Time Equivalents (FTEs) used in Computation of Average	31	

Note: Figures reported include all sources of funding (i.e., federal, state, and local) but exclude employee benefits. Generally, retired teachers rehired to teach receive less compensation than non-retired teachers and ROTC teachers receive more compensation.

See accompanying independent accountants' report on applying agreed-upon procedures.

FRIENDS OF KING SCHOOL

Schedule 6

Class Size Characteristics

As of October 2, 2006

School Type	Class Size Range							
	1 - 20		21 - 26		27 - 33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	96%	25	4%	1				
Elementary Activity Classes								
Middle/Jr. High								
Middle/Jr. High Activity Classes								
High								
High Activity Classes								
Combination								
Combination Activity Classes								

Note: The Board of Elementary and Secondary Education has set specific limits on the maximum size of classes at various grade levels. The maximum enrollment in grades K-3 is 26 students and maximum enrollment in grades 4-12 is 33 students.

See accompanying independent accountants' report on applying agreed-upon procedures.

FRIENDS OF KING SCHOOL
Schedule 7
**Louisiana Educational Assessment Program (LEAP) for the 21st Century
For the Year Ended June 30, 2007**

District Achievement Level Results	English Language Arts						Mathematics					
	2007		2006		2005		2007		2006		2005	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 4												
Advanced	0	0.0%					1	3.2%				
Proficient	6	19.4%					10	32.3%				
Basic	20	64.5%					13	41.9%				
Approaching Basic	4	12.9%					6	19.4%				
Unsatisfactory	1	3.2%					1	3.2%				
Total	31	100.0%					31	100.0%				

District Achievement Level Results	Science						Social Studies					
	2007		2006		2005		2007		2006		2005	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 8												
Advanced	0	0.0%					0	0.0%				
Proficient	0	0.0%					1	4.8%				
Basic	9	42.9%					11	52.4%				
Approaching Basic	10	47.6%					7	33.3%				
Unsatisfactory	2	9.5%					2	9.5%				
Total	21	100.0%					21	100.0%				

See accompanying independent accountants' report on applying agreed-upon procedures.

FRIENDS OF KING SCHOOL

Schedule 8

**The Graduate Exit Exam for the 21st Century
For the Year Ended June 30, 2007**

District Achievement Level Results	English Language Arts						Mathematics					
	2007		2006		2005		2007		2006		2005	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 10												
Advanced												
Proficient												
Basic												
Approaching Basic												
Unsatisfactory												
Total												

District Achievement Level Results	Science						Social Studies					
	2007		2006		2005		2007		2006		2005	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 11												
Advanced												
Proficient												
Basic												
Approaching Basic												
Unsatisfactory												
Total												

Note: This schedule does not apply.

See accompanying independent accountants' report on applying agreed-upon procedures.

FRIENDS OF KING SCHOOL

Schedule 9

1 of 5

The IOWA Tests**For the Year Ended June 30, 2007**

	2005	2004
Test of Basic Skills (ITBS)		
Grade 3		
Grade 5		
Grade 6		
Grade 7		
Tests of Educational Development (ITED)		
Grade 9		

Scores are reported by National Percentile Rank. A student's National Percentile Rank shows the student's relative position or rank as compared to a large, representative sample of students in the same grade from the entire nation.

Note: 2005 was the last year of IOWA testing. From 2006 onwards iLEAP has taken place.

Note: The 2007 fiscal year was the first year the School operated; therefore information relating to 2006 and 2005 fiscal years are not applicable on this schedule.

See accompanying independent accountants' report on applying agreed-upon procedures.

FRIENDS OF KING SCHOOL

Schedule 9

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/ LEAP Tests

For the Year Ended June 30, 2007

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2006		2006		2006		2006	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 3								
Advanced	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Proficient	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Basic	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Approaching Basic	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Unsatisfactory	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	0	0.0%	0	0.0%	0	0.0%	0	0.0%

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2006		2006		2006		2006	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 5								
Advanced	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Proficient	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Basic	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Approaching Basic	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Unsatisfactory	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	0	0.0%	0	0.0%	0	0.0%	0	0.0%

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2006		2006		2006		2006	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 6								
Advanced	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Proficient	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Basic	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Approaching Basic	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Unsatisfactory	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	0	0.0%	0	0.0%	0	0.0%	0	0.0%

See accompanying independent accountants' report on applying agreed-upon procedures.

FRIENDS OF KING SCHOOL

Schedule 9

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/ LEAP Tests

For the Year Ended June 30, 2007

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2006		2006		2006		2006	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 7								
Advanced	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Proficient	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Basic	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Approaching Basic	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Unsatisfactory	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	0	0.0%	0	0.0%	0	0.0%	0	0.0%

District Achievement Level Results	English Language Arts		Mathematics	
	2006		2006	
Students	Number	Percent	Number	Percent
Grade 9				
Advanced	0	0.0%	0	0.0%
Proficient	0	0.0%	0	0.0%
Basic	0	0.0%	0	0.0%
Approaching Basic	0	0.0%	0	0.0%
Unsatisfactory	0	0.0%	0	0.0%
Total	0	0.0%	0	0.0%

See accompanying independent accountants' report on applying agreed-upon procedures

FRIENDS OF KING SCHOOL

Schedule 9

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/LEAP Tests

For the Year Ended June 30, 2007

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2007		2007		2007		2007	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 3								
Advanced	2	4.0%	0	0.0%	0	0.0%	0	0.0%
Proficient	5	10.0%	6	12.0%	11	22.0%	9	18.0%
Basic	24	48.0%	24	48.0%	32	64.0%	28	56.0%
Approaching Basic	11	22.0%	15	30.0%	6	12.0%	11	22.0%
Unsatisfactory	8	16.0%	5	10.0%	1	2.0%	2	4.0%
Total	50	100.0%	50	100.0%	50	100.0%	50	100.0%

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2007		2007		2007		2007	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 5								
Advanced	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Proficient	4	9.3%	1	2.3%	2	4.7%	1	2.3%
Basic	8	18.6%	10	23.3%	9	20.9%	9	20.9%
Approaching Basic	12	27.9%	7	16.3%	16	37.2%	18	41.9%
Unsatisfactory	19	44.2%	25	58.1%	16	37.2%	15	34.9%
Total	43	100.0%	43	100.0%	43	100.0%	43	100.0%

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2007		2007		2007		2007	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 6								
Advanced	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Proficient	1	2.9%	1	2.9%	0	0.0%	0	0.0%
Basic	18	51.4%	12	34.3%	8	23.5%	9	26.5%
Approaching Basic	10	28.6%	12	34.3%	18	52.9%	12	35.3%
Unsatisfactory	6	17.1%	10	28.6%	8	23.5%	13	38.2%
Total	35	100.0%	35	100.0%	34	100.0%	34	100.0%

See accompanying independent accountants' report on applying agreed-upon procedures.

FRIENDS OF KING SCHOOL

Schedule 9
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/LEAP Tests

For the Year Ended June 30, 2007

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2007		2007		2007		2007	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 7								
Advanced	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Proficient	0	0.0%	1	4.3%	0	0.0%	0	0.0%
Basic	11	47.8%	6	26.1%	5	21.7%	4	17.4%
Approaching Basic	9	39.1%	12	52.2%	12	52.2%	9	39.1%
Unsatisfactory	3	13.0%	4	17.4%	6	26.1%	10	43.5%
Total	23	100.0%	23	100.0%	23	100.0%	23	100.0%

District Achievement Level Results	English Language Arts		Mathematics	
	2007		2007	
Students	Number	Percent	Number	Percent
Grade 9				
Advanced	0	0.0%	0	0.0%
Proficient	0	0.0%	0	0.0%
Basic	0	0.0%	0	0.0%
Approaching Basic	0	0.0%	0	0.0%
Unsatisfactory	0	0.0%	0	0.0%
Total	0	0.0%	0	0.0%

See accompanying independent accountants' report on applying agreed-upon procedures.